



Independent Market Operator

Rule Change Notice

**Title: Consistency Between
Clauses 4.12.1 and
4.26.2 of the Market
Rules**

Ref: RC_2008_26

Standard Rule Change Process

Date: 29 August 2008

CONTENTS

1. THE RULE CHANGE PROPOSAL	3
1.1. The Submission	3
1.2. Details of the Proposal	3
1.3. The Proposal and the Wholesale Market Objectives	4
2. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER	5
3. CALL FOR SUBMISSIONS.....	6
4. PROPOSED AMENDING RULES	7
5. ABOUT RULE CHANGE PROPOSALS	9

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1. THE RULE CHANGE PROPOSAL

1.1. *The Submission*

On 28 August 2008 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding changes to clause 4.12.1 of the Wholesale Electricity Market Rules (Market Rules).

This Rule Change Notice is published according to Market Rule 2.5.7, which requires the IMO to publish a notice within 7 Business Days of receiving a Rule Change Proposal.

1.1.1 Submission details

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Date submitted:	28/08/2008
Urgency:	Low
Change Proposal title:	Consistency between Clauses 4.12.1 and 4.26.2 of the Market Rules

1.2. *Details of the Proposal*

The IMO submits that Market Participant Reserve Capacity obligations are set out in clause 4.12.1. Obligations under sub-clauses 4.12.1(a) and 4.12.1(b) are set out in more detail in clause 4.26.2.

The IMO notes that in December 2006 and July 2007 changes were made to clause 4.26.2 where on both occasions corresponding changes were not made to clause 4.12.1. This proposal is to modify clause 4.12.1 so that it is consistent with clause 4.26.2.

The IMO submits that clause 4.26.2 calculates the capacity made available to the market by market generators including those also registered as Market Customers and determines any shortfall from Reserve Capacity obligations.

The components used in the calculation include:

- a. the MW equivalent of the Capacity Credits held by the Market Participant in its Interruptible Loads and Curtailable Loads;
- b. the MW equivalent of the net energy sent out by the Market Participant as determined from its Net Contract Position;
- c. the MW equivalent of the STEM offers not scheduled and the MW equivalent of the STEM bids scheduled;

- d. if there is no STEM submission, then substituting (c) above with the MW equivalent of the Market Participant's own demand as indicated in its Resource Plan;
- e. the capacity set aside from the STEM to provide ancillary services; and
- f. capacity not covered in the STEM submission because of forced outage but made available in real time.

The IMO submits that the purpose of the changes to sub-clauses 4.12.1(a) and 4.12.1(b) is to make the obligations contained therein consistent with the requirements set out in clause 4.26.2.

1.3. *The Proposal and the Wholesale Market Objectives*

The IMO submits that the proposal supports market objective (a):

(a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system.

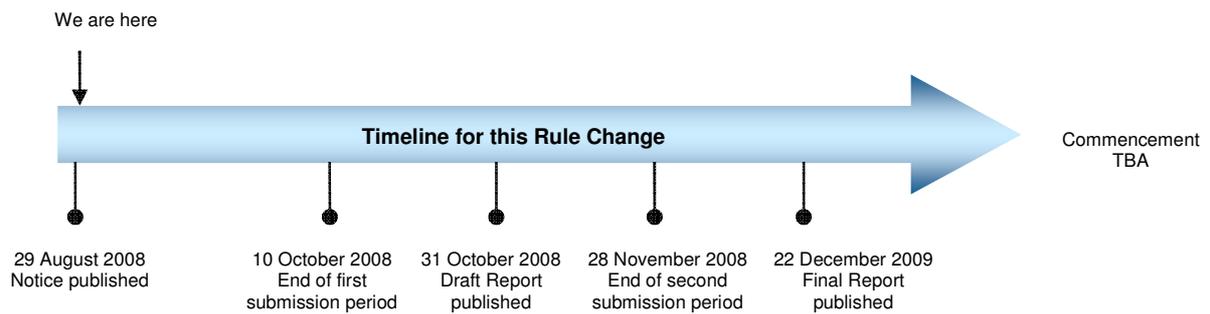
This proposed Rule Change is required to improve clarity and remove uncertainty surrounding the application of the Rules and is therefore expected to enhance efficiency in the operation of the market.

2. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

The IMO has decided to proceed with this proposal on the basis that the IMO's preliminary assessment indicated that the proposal is consistent with the Wholesale Market Objectives.

The IMO has decided to process this Rule Change Proposal using the Standard Rule Change Process, described in section 2.7 of the Market Rules.

The projected timelines for processing this proposal are:



3. CALL FOR SUBMISSIONS

The IMO is seeking submissions regarding this proposal. The submission period is six weeks from the publication date of this notice. Submissions must be delivered to the IMO by close of business on **Friday 10 October 2008**.

The IMO prefers to receive submissions by email to **marketadmin@imowa.com.au** using the submission form available on the IMO website:
http://www.imowa.com.au/10_5_1_MarketRulesChangeSummary.html

Submissions may also be sent to the IMO by fax or post, addressed to:

Independent Market Operator
Attn: Manager Market Administration
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

4. PROPOSED AMENDING RULES

The IMO proposes the following amendments to the Market Rules (~~deleted words~~, added words):

4.12.1. The Reserve Capacity Obligations of a Market Participant holding Capacity Credits, are as follows:

- (a) a Market Participant (other than the Electricity Generation Corporation) must ensure that for each Trading Interval:
 - i. the aggregate MW equivalent of the quantity of Capacity Credits held by the Market Participant applicable in that Trading Interval for Interruptible Loads and Curtailable Loads registered by the Market Participant; plus
 - ii. the MW quantity calculated by doubling the net ~~total~~ MWh quantity of energy to be sent out during the Trading Interval by Facilities registered by that Market Participant, ~~as indicated in the applicable Resources Plans~~; plus
 - iiA if a STEM submission does not exist for that Trading Interval, the MW quantity calculated by doubling the total MWh quantity of energy to be consumed by that Market Participant including demand associated with any Curtailable Load or Interruptible Load, but excluding demand associated with any Dispatchable Load, during that Trading Interval as indicated in the applicable Resource Plan; plus
 - iii. the MW quantity calculated by doubling the total MWh quantity covered by STEM Offers which were not scheduled and the STEM Bids which were scheduled in the relevant STEM Auction determined by the IMO for that Market Participant under clause 6.9 for that Trading Interval, corrected for loss factor adjustments so as to be a sent out quantity; plus
 - iv. capacity expected to experience a forced outage at the time that STEM submissions were due which becomes available in real time,

is not less than the total Reserve Capacity Obligation Quantity for that Trading Interval for Facilities registered by the Market Participants, less double the total MWh quantity to be provided as Ancillary Services as specified by the IMO for that Market Participant in accordance with clause 6.3A.2(e)(i).

- (b) the Electricity Generation Corporation must ensure that for each Trading Interval:

- i. [Blank]
- iA. the aggregate MW equivalent of the quantity of Capacity Credits held by the Electricity Generation Corporation applicable in that Trading Interval for Interruptible Loads and Curtailable Loads registered by the Electricity Generation Corporation; plus
- ii. the MW quantity calculated by doubling the total MWh quantity which the Electricity Generation Corporation is selling to other Market Participants as indicated by the applicable Net Contract Position of the Electricity Generation Corporation, corrected for loss factor adjustments so as to be a sent out quantity; plus
- iii. the MW quantity calculated by doubling the total MWh quantity covered by STEM Offers which were not scheduled and the STEM Bids which were scheduled in the relevant STEM Auction determined by the IMO for the Electricity Generation Corporation under clause 6.9 for that Trading Interval, corrected for loss factor adjustments so as to be a sent out quantity; plus
- iv. capacity expected to experience a forced outage at the time that STEM submissions were due which becomes available in real time.

is not less than the total Reserve Capacity Obligation Quantity for the Electricity Generation Corporation for that Trading Interval, less double the total MWh quantity to be provided as Ancillary Services as specified by the IMO for the Electricity Generation Corporation in accordance with clause 6.3A.2(e)(i).

- (c) the Market Participant must make the capacity associated with the Capacity Credits provided by a Facility applicable to a Trading Interval, up to the Reserve Capacity Obligation Quantity for the Facility for that Trading Interval, available for dispatch by System Management in accordance with Chapter 7.

5. ABOUT RULE CHANGE PROPOSALS

Market Rule 2.5.1 of the Wholesale Electricity Market Rules (Market Rules) provides that any person (including the Independent Market Operator) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submit this to the Independent Market Operator (IMO).

The IMO will assess the proposal and, within 5 Business Days of receiving the proposal form, will notify the proponent whether the proposal will be progressed further.

In order for the proposal to be progressed the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives. The market objectives are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

A Rule Change Proposal can be processed using a Standard Rule Change Process or a Fast Track Rule Change Process. The standard process involves a combined 10 weeks public submission period, while the fast track process involves the IMO consulting with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.